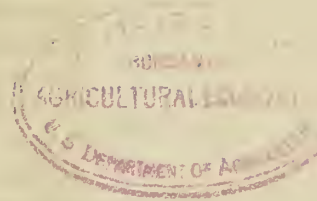


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service



THE NATURE AND SCOPE
OF INFORMATION IN
DAIRY AND POULTRY MARKET NEWS REPORTS

By L. M. Davis, Senior Marketing Specialist

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The purpose of the dairy and poultry market news service is to provide the various types of market information required by the industry as a basis for intelligent production, marketing, and distribution. Since the needs of the industry's branches vary, daily market reports, weekly and monthly reviews, and annual summaries are provided. In general, such reports contain information regarding prices and supply and demand conditions.

It is important that those using market reports understand the nature of the information provided in order that it may be fully and properly utilized. To that end, this explanation of information appearing in the dairy and poultry market reports of the Agricultural Marketing Service has been prepared.

MARKET RECEIPTS

The term "market receipts", as used in dairy and poultry market reports, refers to the quantities delivered or unloaded at designated markets. Published market receipts apply to terminal city markets, or to primary markets in the country, and include arrivals by rail, boat, truck, or parcel post. Primarily, market receipts are indications of supplies arriving currently, although used in connection with other data, such as changes in stocks, they furnish a basis for calculating local trade output. When the data made available includes the origin of receipts, such information serves the important purpose of indicating not only sources of supply for a given market, but also shifts in sources of supply which occur from time to time. To some extent, current receipts may reflect production trends, but there are definite limitations to their use for such a purpose. This is due to the fact that at all seasons of the year, there are intermarket movements of products of current production, and at certain seasons, heavy movements of goods from cold-storage warehouses.

Terminal Market Receipts

Rail receipts at terminal markets include actual unloads or deliveries within a designated territory (i.e., defined areas of individual cities), regardless of the nature of the railroad billing. Shipments billed with a designated market as final destination, with or without storage-in-transit privileges, are included in receipts if actually unloaded. Reports of local rail receipts (freight and express) are made up by rail carriers from way-bills, and the information reported includes quantities, shown by States in which shipments originated, except as follows: (1) In the case of shipments with a storage-in-transit privilege at any of the markets for which receipts are compiled, and which are later moved out of any of these markets to another city, the railroad reporting at ultimate destination has been instructed to give the original State of origin; (2) In the case of new shipments, or re-shipments, the railroad reporting receipts gives the State of origin from which the new or re-shipment was made. Reports from rail carriers are received by mail or by telephone daily. Arrangements for these reports were made and are regularly checked by the transportation specialists of the Agricultural Marketing Service.

Boat receipts at terminal markets include actual discharges at designated markets of cargo for local delivery, with States of origin indicated. Arrangements for obtaining this information, and methods of reporting are similar to those for rail receipts.

Truck receipts at terminal markets of butter, cheese, eggs, and dressed poultry are obtained through the voluntary cooperation of wholesalers, jobbers, chain-store warehouses, cold-storage warehouses, etc.

Except for some products of nearby production, which may go direct to consumers, stores, restaurants, etc., truck shipments go principally to wholesale receivers or others in the above-mentioned group. Individuals and firms provide regular periodic reports on special forms as to the quantities received by truck from sources outside of the local market proper, with States of origin indicated. Truck receipts of fluid milk, cream, and condensed milk (bulk) are obtained direct from milk distributors. In the case of live poultry at Chicago, truck receipts published are those compiled by the Chicago Live Poultry Board, a trade organization which in turn compiles the information from reports furnished by dealer-members. At New York, when the city ordinance required all live poultry entering the city to be inspected by the U. S. Department of Agriculture, data relative to truck receipts were compiled from the reports of inspectors. With the waiving of that requirement in 1936, the compiling of truck receipts of live poultry in New York by the Agricultural Marketing Service was temporarily discontinued. Data now available are compiled by the New York Live Poultry Commission Merchants Association. Because of the difficulty in getting information regarding truck receipts, such data are not as complete as rail receipts, which are obtained direct from public carriers.

Parcel post receipts at terminal markets are reported by local post office officials. These apply to eggs only.

Primary Market Receipts

Primary market receipts include deliveries to points in the country where products are assembled for grading, packaging, or other preparation for shipment. At these primary markets, plants are operated by independent buyers, carlot shippers, packers, cooperative associations, or other types of marketing firms or agencies. In the case of eggs and poultry, receipts compiled weekly are those reported by operators of approximately 230 plants in the Central Western States, 65 plants in the Pacific Coast States (eggs only), and 35 Eastern egg auction and producers' assembling plants (eggs only). Reports are mailed each week by cooperating concerns to the Chicago and Pacific Coast field offices of the Service, and to Washington, D. C., where compilations are made. Releases made each week for the previous calendar week show numbers of plants reporting, total receipts, and same plant comparisons with the preceding week and the corresponding week of the preceding year.

Receipts of American cheese at Wisconsin primary markets are reported for each calendar week by cheese dealers who operate warehouses at assembling points throughout the cheese-producing districts. These reports show receipts according to styles, i.e., Twins, Single Daisies, Double Daisies, Longhorns, etc.

Units Used for Market Receipts

Terminal market receipts of butter, cheese, and dressed poultry are reported in terms of gross pounds, because this unit is the basis upon

which railroad reports are furnished. If desired, gross pounds may be converted to other units such as net pounds, or tubs in the case of butter, by the use of proper conversion factors. Conversion factors are changed from time to time, owing to changes in the types of packages used by shippers. Eggs are reported in terms of 30 dozen cases. Live poultry receipts at New York by freight are reported in terms of cars, and express and truck receipts are reported in terms of pounds. The latter are converted to a carlot equivalent by using 16,000 pounds per car as a basis. Chicago receipts of live poultry by freight are shown in terms of cars, and express and truck receipts in terms of coops. The average weight of cars of live poultry at Chicago is assumed to be 14,000 pounds, and express and truck receipts are converted to carlot equivalents on the basis of 140 coops per car, with average net weight per coop figured at 100 pounds. San Francisco receipts of live poultry are reported in terms of coops, which average approximately 90 pounds each. Milk, cream, and condensed milk (bulk) are reported in terms of 40 quart (10-gallon) units.

CARLOT SHIPMENT REPORTS

Reports of carlot shipments of eggs from Pacific Slope States are compiled in the San Francisco office from information obtained direct from rail carriers. As in the case of market receipts, these reports are also prepared from waybills. They show shipping points in the States covered (California, Oregon, Washington, Utah, and Idaho), and primary destinations, i.e., points to which cars were destined at time of original billings. Carlot shipment reports are not set up to take into account diversions which may occur after original shipments start moving.

PASSING REPORTS ON TURKEYS

Passing report information on turkeys is furnished by railroads during the turkey marketing season in the fall and early winter. Passing reports from railroads at designated gateways merely show that cars have passed that gateway enroute to the destination to which they were billed at the time of passing. The gateways covered are far enough away from the destinations to which cars are billed that passing reports are available prior to the arrival of cars at billed destinations, thus affording some idea of the movements of turkeys to these destinations. Arrangements now in effect provide for reports on cars of turkeys moving from the West and Southwest as they pass Omaha, Minneapolis, St. Paul, Chicago, St. Louis, and Kansas City, through one or more of which gateways such cars usually pass enroute to eastern destinations. When a car passes St. Louis, for example, the first report is given. If the same car continues to move over a route which carries it through Chicago, a second report on the same car will be made at the latter point. These two reports do not mean two different cars, but merely show the progress of the particular car involved. It is not proper, therefore, to add the Chicago and St. Louis passings, because this would be duplication. Nor is it proper to assume that passings at the above points are representative of the entire move-

ment of the crop. A record of total passings at a single gateway during part or all of a season serves no purpose other than to show the number of cars which passed that point during the time involved. Such totals have no significance with respect to the total movement of the crop, nor the total crop itself. Neither can comparisons be safely made of such totals with those of previous seasons, because due to variations in season, changes in shippers' marketing methods and market outlets, optional routes, etc., car movements through a single gateway may be relatively heavy one year, but relatively light another. The value of passing reports lies in their use as day to day indications of a current season's movements, provided such information is promptly disseminated to interested persons.

STOCKS

Changes in total supplies of dairy and poultry products occur due to variations in production, consumption, and imports and exports. Changes in local supplies at terminal markets are due also to variations in local market receipts, out-of-market shipments, and local consumption. Some measure of changes in local supplies and of the nature of trade movements is available through data compiled showing movements into and out of storage, dealers' current trading stocks, and (at Chicago) cars on team tracks. In the case of either total or local supplies, information relating to stocks, including those in cold storage and those on trading floors, is of major importance.

Cold-storage stocks of butter, cheese, shell and frozen eggs, and frozen poultry are compiled from voluntary reports obtained regularly by telephone or telegraph from cold-storage warehouse operators. All daily and most weekly storage reports are compiled by local field offices of the Agricultural Marketing Service. Information from storages reporting weekly from points where field offices are not maintained is obtained by commercial telegraph.

Cities for which reports of cold-storage movements are compiled daily are: New York, Chicago, Philadelphia, Boston, San Francisco, Providence, Buffalo, Pittsburgh, St. Louis, Kansas City, and Omaha. Figures are released separately for the five cities first named, and as a six-market total for the remaining cities. All daily cold-storage figures are compiled in field offices, and figures which are available for release are transmitted via leased wires. In instances where figures for individual markets are not released separately, it is due to the fact that certain of the local cooperating storages have not approved such action, because the number of storages is so small that a release for the market might reveal operations of individual firms.

Weekly reports of cold-storage stocks are released at Washington each Monday for a group of 35 cities. These weekly figures show stocks on hand as of the previous Saturday morning. The original weekly report covered 26 cities only, but later 9 additional markets were added. The 35

cities are: New York, Chicago, Philadelphia, Boston, Providence, Buffalo, Syracuse, Cuba, N. Y., Lowville, N. Y., Pittsburgh, Cleveland, Detroit, Minneapolis, St. Paul, Milwaukee, Plymouth, Marshfield, Green Bay, Wis., Denver, Kansas City, St. Louis, Omaha, Portland, Seattle, San Francisco, Los Angeles, Springfield, Mass., Cincinnati, Duluth, Ft. Worth, Dallas, Petaluma, Santa Rosa, Oakland, and San Diego. Weekly storage reports are timely, and since they cover cities which carry approximately three-fourths of the total dairy and poultry products in all storages in the country, they afford a basis for making estimates of total U. S. stocks considerably in advance of the monthly report, which contains such information.

Monthly cold-storage stocks are released about the 12th of each month, and show total U. S. stocks. These figures are compiled in Washington from information furnished by individual warehouses.

All storage stocks are reported in terms of net pounds, except eggs which are in terms of 30 dozen cases. Goods held in bond, if any, are included in storage reports.

Current trading stocks (i.e., stocks on dealers' floors) of butter and eggs are compiled and released once each week at New York City, Chicago, Philadelphia, and Boston. At Chicago, the report includes butter and eggs in cars on private sidings, but does not include quantities in cars on public team tracks. The latter are published separately. The purpose of compiling information regarding current trading stocks is to provide some indication of tendencies for butter and eggs to move freely or to accumulate on dealers' floors. (See "Trade Output".) Data are furnished on special forms mailed regularly by selected groups of wholesalers, jobbers, and chain-store companies in the respective markets. These groups include the larger receivers and distributors located in different areas of the market. The obtaining of data such as current trading stocks from every dealer in a market is impractical.

A report showing current trading stocks of American cheese on dealers' floors at Wisconsin primary markets is available once each week. This weekly summary is compiled from reports mailed by these dealers to the Chicago office, and shows stocks according to the several styles. The stocks of approximately 110 cheese warehouses - a practically complete coverage - are included in this report.

Stocks of butter and eggs on team track are reported at Chicago only. This information is compiled by the railroads from waybills, and the summarized report shows the numbers of cars of butter and eggs on public team tracks (track on which cars are placed for use of public in loading and unloading). Cars on private sidings (side track owned or leased by an individual or firm) are not included in the team-track report. Cars which have been carried on team tracks in excess of 1 day are classed as "old cars," and cars on tracks for 24 hours or less are classed as "new cars." Cars on track are included in local receipts. On account of the central location of Chicago, some cars move there which may later be shipped

or diverted, but so long as these cars are on team tracks, they represent a part of the potential local supply.

PRICES

Of foremost importance in using price information for a given market is an understanding as to what types of transactions are represented, i.e., whether such prices are local f.o.b. prices paid shippers, wholesale selling prices of large lots, jobbing prices on small lots to retailers, hotels, restaurants, etc., or retail prices to consumers. The most common type of price information published in the past has related to wholesale prices. Due to changes in marketing practices and methods, however, the reporting of wholesale prices is becoming increasingly difficult, and other types of price information are being made available in numerous markets. A uniform type of price information for all markets cannot well be provided, because the nature of trading varies, and because markets differ in size. Prices reported by the Agricultural Marketing Service thus conform to local situations.

Wholesale prices reported for butter, cheese, eggs, live and dressed poultry, are intended to reflect local prevailing values of goods of different grades and classes sold in volume in the open market by receivers. This type of transaction involves sales in quantity for cash or short time credit, to jobbers, chain stores, and other buyers. Wholesale prices reported by the Agricultural Marketing Service are established by market reporters who personally interview buyers and sellers, and obtain information from them regarding quantities sold or bought, grades and prices. Sales which are made at prices bearing previously agreed relationships to a market quotation, are not "open market sales," and are not taken into consideration in establishing such quotations. Open market wholesale prices, as reported, apply to sales of products which were not previously contracted for, and which are available to any and all buyers, selling prices being agreed upon at time of sales, and not prior thereto. Although information given by dealers is furnished on a voluntary basis, market reporters have some check on the accuracy of price information given them through canvassing buyers as well as sellers, and the maintenance of a wide coverage of the market. The reporting of wholesale prices of dairy and poultry products has been made increasingly difficult during recent years by the tendency of market dealers to buy and to sell on a so-called contract basis, whereby the shipper is guaranteed a price based on quoted prices, and the selling in the market proper is also based upon quoted prices. As such practices have increased, the volume of goods sold on the open market has decreased, resulting in diminishing quantities upon which to establish quotations. (This subject is discussed in a separate paper entitled "Problems in Reporting Wholesale Butter Prices", copies of which are available upon request).

Jobbing prices are intended to reflect local prevailing values of goods sold by jobbers who supply stores, restaurants, etc. These prices include smaller lots of bulk or packaged goods than are included in whole-

sale transactions, and usually involve special brands or packs, delivery service, etc. For these reasons, jobbing prices often carry wider ranges than wholesale prices. As a convenience, many jobbers use a wholesale market quotation as the basis for billing goods, with the result that jobbing prices bear more or less of a direct relationship to wholesale quotations, the margin between the two types of prices including jobbers costs, plus profit.

Prices paid shippers, f.o.b. terminal markets is a type of information now available on eggs and poultry at the following markets: Boston, Baltimore, Denver, Washington, D. C., Houston, San Francisco, Los Angeles, and Portland, Oreg. Such prices are those paid by receivers to producers, haulers, and hucksters, who deliver products f.o.b. the terminal market. In many cases, door deliveries are made by truck. F.o.b. prices are not to be confused with wholesale prices. The former are receivers' buying prices, the latter their selling prices.

Exchange quotations established by the local exchanges at Los Angeles, Portland and Seattle are published in reports of the Agricultural Marketing Service issued on the Pacific Coast. These exchange quotations, according to exchange rules, are the last sale, bid or offer, as the case may be. The San Francisco Mercantile Exchange does not issue an official exchange quotation, but uses the prices reported by the Agricultural Marketing Service as official quotations for that market. Prices of "futures" published in Agricultural Marketing Service reports are those established by the Chicago Mercantile Exchange, and prices of cheese shown for the Wisconsin Cheese Exchange, of Plymouth, Wis., are those which result from sales, bids or offers on the "Board" each Friday. These prices are those at which a majority of sales of each style was made. In addition to the foregoing, Agricultural Marketing Service reports carry information regarding sales and prices on a number of country egg and poultry auctions, most of which are in the Northeastern States. The Agricultural Marketing Service takes no part in the establishment of Exchange or auction prices; and they are carried in market reports merely as a matter of information.

MISCELLANEOUS STATISTICS

Trade output is a calculation designed to show the apparent movement of goods through designated trade channels during a given period. For a single market or a group of markets, trade output cannot safely be regarded as representing actual consumption, for a considerable amount of inter-market shipping is constantly taking place, whereby dealers in local markets are shipping products to other markets, or to nearby suburban cities and towns. In order to calculate trade output certain data must be available with respect to changes in supplies. The method commonly used by the dairy and poultry trade in making calculations for a single market or a group of markets, requires data regarding market receipts, changes in stocks in cold-storage warehouses and on dealers' floors.

Trade output for a given period, such as a day, a week or a month, is merely a combination of market receipts during the period covered, with the

increases or decreases in stocks. When stocks are showing decreases, during the period under consideration, the amount of such decreases added to current market receipts constitutes trade output. Similarly when stocks are showing increases, such increases are deducted from market receipts to obtain trade output. Calculations made in this way for different periods serve as some measure of so-called trade disappearance. In the case of manufactured products for which estimates of total current production are available, it is possible to calculate trade output for the entire country by combining production with increases or decreases in total U. S. stocks of such products, and with net imports and exports. Again, it should be noted that trade output or trade disappearance is not necessarily ultimate consumption.

Retail movements of butter and eggs are compiled weekly at Chicago. The report is not one of retail sales, but of movements into retail stores, with the assumption that it reflects the movement out of retail stores and into the hands of consumers.

Types of dealers from which such information is obtained are chain-store organizations, milk distributors, and wholesale butter and egg distributors (in their jobbing capacity). Several large chain-store groups with strictly centralized buying, together with some super-store organizations with a smaller number of units, are included. Cooperative buying organizations (voluntary chains) are not included, since individual member stores of these organizations are usually privileged to make their purchases through other sources than the central unit, and reports from such a type of organization would thus not be comparable over a period of time. The milk distributor group is a source of information, because butter and eggs are distributed direct to consumers on retail milk routes. The wholesale distributor group is used as a source of information with respect to sales to independent retail stores, and to institutions, hospitals, hotels, and restaurants. Altogether, the coverage for the Chicago report includes 7 chain-store companies, representing about 1,600 units, 6 milk distributing companies with about 2,700 routes, and 14 wholesale butter and egg distributors. The weekly releases show not only the total pounds of butter or cases of eggs distributed for all groups, but a detailed breakdown for each group, including numbers of stores and milk routes, and averages per store or route.

The weekly butter and cheese production reports compiled by the Agricultural Marketing Service and carried in current market reports are estimates of percentage changes from previous comparable periods, made on the basis of information received weekly from representative creameries and cheese factories throughout the United States. In addition to this, the weekly butter production report compiled by the American Butter Institute of Chicago is also published. This report covers creameries of the centralizer type, and is not confined to any particular geographic area.

A "Chicago feed-egg ratio" is published each week, based on Chicago prices. A feed-egg ratio figure such as 5.3 means that calculated at current prices of a given grade of eggs and a given poultry ration, 5.3 dozens of eggs

are equivalent to 100 pounds of feed. The feed-egg ratio will vary with changes in egg and feed prices, and at different seasons of the year. Egg production may be regarded as most favorable when the feed-egg ratios are lowest, and least favorable when highest.

STATISTICAL COMPARISONS AND AVERAGES

Since it is a common practice among the dairy and poultry trade to make comparisons between periods, practically all dairy and poultry market reports carry comparative figures. In the case of annual, monthly, and first-of-the-month comparisons, it is a simple matter to show exact corresponding periods. Calendar weeks however, include different dates each year, for which reason date-to-date comparisons are frequently impractical. A comparison by calendar weeks, each of which includes all business days for the years compared, appears to be of more value than a strict date-to-date comparison.

Averages which appear in dairy and poultry market reports are simple averages only, (unless otherwise indicated), i.e., they are not weighted according to volume, season, etc. Thus, the average price of a given grade of butter during a given month is the sum of the daily prices divided by the number of days for which prices were published. When 5-year average comparisons are shown, these cover the preceding 5 years.

Industry Cooperation in Connection with Market Statistics

All the statistics described are compiled from original data obtained through the voluntary cooperation of individuals and firms. Without this cooperation these statistics could not be made available. In developing the service, effort has been made to maintain close contacts with the various sources of information, to develop only those statistical series that will be most helpful to the dairy and poultry industries, and to use methods which will be most practical from the standpoint of cooperating agencies.

Cases where individuals or firms have been unwilling to cooperate are rare. Willingness to cooperate, however, is invalidated if the cooperator does not furnish information desired at the time when it is most needed for the preparation of statistical reports which show industry trends.

Members of the industry, therefore, must be willing to cooperate, and to cooperate aggressively, by furnishing required information promptly and accurately.